United States
Department of
Agriculture

Office of the Chief Financial Officer

Whitten Building 143 W
14th & Independence Ave SW
Washington, DC 20250

Date: June 2, 2005

Subject: OCFO Bulletin #2005-001, Procedures for Determining Prompt Payment

To: FFIS Agencies

PURPOSE

The purpose of this bulletin is to provide guidance on the following topics:

- Determining if a Payment is subject to prompt pay
- Payments Subject to Prompt Pay
- Payments not Subject to Prompt Pay

PROCEDURES

A. Determining if a Payment is Subject to Prompt Pay

FFIS determines whether a payment is subject to prompt pay based on flag settings on the following tables:

Reference Table	Prompt Pay Information Defined
Transaction Category Reference Table (TCAT)	Defines what types of documents are subject to prompt payment.
Vendor Type Reference Table (VTYP)	Indicates which types of vendors are subject to prompt payment.
Accounting Entries Definition Reference Table (ACED)	Indicates which accounting entries are subject to prompt payment.

If the Prompt Pay indicator on any of the above tables is 'N', the payment is not subject to prompt pay. If the Prompt Pay indicator on all of the above tables is 'Y', the payment is subject to prompt pay.

B. Payment Subject to Prompt Pay

1. Disbursing a Payment Immediately

   A payment subject to prompt pay is scheduled for payment based on the prompt pay system settings. When the Payment Voucher Document (PV) Prompt Pay Type is blank, the prompt pay value is derived using the Vendor Reference Table (VEND) 'PPAY Type'. If the VEND 'PPAY Type' is blank, the system defaults to the Disbursing

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Options Reference Table (DOPT) Prompt Pay Type. The valid values for the DOPT Prompt Pay Type are established on the Prompt Pay Reference Table (PPAY). This value is currently set to 'O', representing a 30-day pay period. When the PV Prompt Pay Type is populated, the entered value overrides the VEND 'PPAY Type'.

After determining the Prompt Pay Type for the payment, a user can reference PPAY for the number of days a payment is held before being scheduled for payment. On PPAY, enter the Fiscal Year and Prompt Pay Type to determine the Payment Lag Days.

If a payment is subject to prompt pay, but needs to be scheduled for immediate payment (overriding the PPAY Payment Lag Days), do not request a change to the VEND PPAY Type. Changing the VEND table settings effects other agencies use of this vendor. Instead, request the establishment of a new vendor record. The new vendor can be established as a vendor not subject to prompt pay, or established as a vendor subject to prompt pay with zero lag days. Treasury typically disburses payments scheduled for immediate payment within 5 days.

2. Determining the Schedule Base Date

    If the TCAT, VTYP, and ACED Prompt Payment indicators all specify 'Y', FFIS checks the Document Prompt Pay Type. This Prompt Pay Type is used to obtain the PPAY Trigger Date Flag.

    a. If the PPAY Trigger Date Flag is 'L', the Schedule Base Date is the later of the Vendor Invoice Date or the Accp/Del Date on the Voucher Line Inquiry Table (PVLT). If the Vendor Invoice Log Date is blank, the following dates are used in this order:

        • Voucher Tracking Log Date in the Voucher Tracking Inquiry Table (VCTI)
        • PVLT Vendor Invoice Date
        • PVHT Voucher Date

    b. If the Trigger Date Flag is 'I', the Schedule Base Date is the PVLT Vendor Invoice Log Date.

    c. If the Trigger Date Flag is 'D', the Schedule Base Date is the PVLT Accp/Del Date. When the Trigger Date and the Flag Date is 'D', and the PVLT Accp/Del Date is blank, and a receiver is referenced, the Received Date in the Receiver Header Inquiry Table (RCHT) is used.

    If either the TCAT, VTYP, or ACED Prompt Payment indicator specifies 'N', the payment is not subject to Prompt Payment and the Transaction Date is used as the Schedule Date.

3. Calculation of Schedule Date

    If the payment document references an obligation with negotiated payments days, the Schedule Date is calculated as follows:

Schedule Date = Schedule Base Date + Negotiated Payments Days (from the obligation) –Treasury Disbursing Lag Days

If the payment document does not reference an obligation, or if there are no negotiated payments days in the obligation, the Vendor Reference Table (VEND) is checked for the Vendor Lag Days.

If the Vendor Lag Days are not specified, FFIS checks if the payment is subject to prompt payment:

a.   If the payment is subject to prompt payment:

Schedule Date = Schedule Base Date + Prompt Payment Lag days (from the Prompt Payment Table (PPAY)) – Treasury Disbursing Lag Days

b.   If the payment is not subject to prompt payment:

Schedule Date = Schedule Base Date

C.   Payments not Subject to Prompt Pay
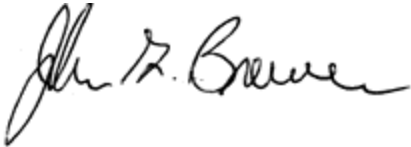
Disbursing a Payment Immediately

A payment not subject to prompt pay is scheduled for immediate payment if the PV Sched Pymt Date is blank. It is not necessary to enter a Sched Pymt Date or the current date to have the payment scheduled immediately.

INQUIRIES

Questions concerning this bulletin should be directed to Lynn Moaney at (202) 720-1553 or Pauline Myrick at (202) 720-0564.

EFFECTIVE DATE

This bulletin is effective immediately.

JOHN G. BREWER
Associate Chief Financial Officer for Financial Operations

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